

# **MINUTES OF MEETING**

**RHODE ISLAND AIRPORT CORPORATION**

**BOARD OF DIRECTORS**

**FRIDAY, FEBRUARY 18, 2011, AT 2:30 PM**

**IN THE MARY BRENNAN BOARD ROOM**

**T. F. GREEN AIRPORT**

**2000 POST ROAD, WARWICK, RHODE ISLAND**

**The meeting of the Rhode Island Airport Corporation (“Corporation”) Board of Directors was called to order by Chair, Kathleen C. Hittner, M.D., at 2:30 p.m., in the Mary Brennan Board Room at 2000 Post Road, Warwick, Rhode Island, in accordance with the notice duly posted pursuant to the Open Meetings Law.**

**BOARD MEMBERS PRESENT: Kathleen C. Hittner, M.D; Joseph M. Cianciolo; Russell W. Hahn; Robert D. Sangster.**

**BOARD MEMBERS ABSENT: Joseph S. Larisa; Michael A. Traficante; Deborah M. Thomas.**

**ALSO PRESENT: Kevin A. Dillon, A.A.E., President and CEO; and those members listed on the attendance sheet attached hereto.**

## **1. Approval of the Minutes:**

**A motion was made by Mr. Cianciolo and seconded by Mr. Sangster**

**to approve the minutes of the Board Meeting of January 19, 2011.  
The motion was passed unanimously.**

## **2. Open Forum:**

**Dr. Hittner asked if anyone present wanted to speak in Open Forum.  
No one came forward.**

## **3. Report from President and CEO:**

**Mr. Dillon reported that passenger traffic for the month of January was down 6%. The winter weather contributed significantly to this decline in traffic.**

**Mr. Dillon reported that total general aviation operations for the month of January were down 26%. Mr. Dillon noted that total fuel sales were up 25%. Mr. Dillon reported that the increase in fuel sales at Quonset was attributed to the new corporate tenant. Mr. Dillon also gave an overview of the MALS project at Block Island, noting that due to a change in the project scope, the Corporation was recommending not proceeding with this project and is in the process of researching other options.**

**Mr. Dillon gave an overview of his recent meeting with Delta Airlines noting that the Corporation was working with Delta on a joint marketing venture to promote the new service. Mr. Dillon reported**

**that he had also discussed fare parity issues between T. F. Green and Boston's Logan Airport.**

**Mr. Dillon reported that he is continuing to work with DOT on the train schedule for the new commuter rail station. Mr. Dillon noted that there have been some improvements made to the signage for the facility.**

**Mr. Dillon gave an update on the airport's Frequent Parker Program, noting that it has been very successful. Mr. Jeffrey Nelson has been officially recognized as the 1000th Frequent Parker, and will have 1000 bonus points credited to his account.**

**Mr. Dillon reported that the airport's Annual Part 139 Inspection is scheduled for April 13, 2011.**

**Mr. Dillon reported that the Corporation has been tracking the FAA Reauthorization Bill in the Senate and the House. Mr. Dillon gave a brief overview of the provisions, focusing on the impacts to future AIP projects. Mr. Dillon reported that this issue is of critical importance as it could affect the project implementation phase of the EIS.**

**Mr. Dillon reported that he is scheduled to meet with a bond rating agency in early March 2011.**

**Mr. Dillon reported that the airport is in the process of developing the RFP to select a Project Manager to oversee the EIS projects. There was discussion of the rationale for hiring a Project Manager. Mr. Dillon gave a brief overview of progress on the EIS, noting that the timeline is on track, with the FEIS scheduled for June 2011 and the ROD scheduled for August 2011.**

**Mr. Dillon reported that the Corporation is currently in discussions with HMS Host to convert the news-stand concession on the lower level to a Shipyard Brewport.**

**Mr. Dillon reported that United Airlines has relocated their ticket counters and baggage claim area to the other side of the terminal building as a result of their merger with Continental Airlines.**

#### **4. Action Items:**

**(a) Consideration of and Action Upon Approval of a Management Agreement for the Rhode Island Airport Corporation's Five General Aviation Airports.**

**Mr. Dillon gave an overview of the proposed Agreement. Discussion focused on the scope of services to be performed under the Agreement. Mr. Dillon noted that four companies submitted proposals in response to the RFI and were invited to the interview phase of the selection process. Only three companies accepted the**

**invitation. Based on the review of the submittals, and the results of the interviews, the Selection Committee unanimously recommends that RIAC enter into an agreement with AvPORTS. The recommendation is that the Board authorize the President and CEO, or his designee, to execute a Management Agreement with AFCO AvPORTS Management LLC, to manage, operate, and develop Rhode Island's five general aviation airports.**

**A motion was made by Mr. Sangster and seconded by Mr. Hahn to approve the following resolution:**

**WHEREAS, on June 10, 2010, the Rhode Island Airport Corporation (RIAC) issued a Request for Interest (RFI) to Manage, Operate, Maintain and Develop Quonset, North Central, Newport, Block Island and Westerly Airports pursuant to RIAC Procurement Rules; and**

**WHEREAS, RIAC received four submissions on July 9, 2010, in response to this RFI; and**

**WHEREAS, the Selection Committee comprised of Kevin A. Dillon, President and CEO; Brian Schattle, Chief Financial Officer; Alan Andrade, Vice President of Operations and Maintenance and David Cloutier, Assistant Vice President of Commercial Programs reviewed and evaluated the submissions; and**

**WHEREAS, the Selection Committee invited all four firms to the**

**interview phase of the selection process; and**

**WHEREAS, one firm declined the invitation to present; and**

**WHEREAS, based on a review of the submittals and the results of the interviews, the Selection Committee unanimously recommends that RIAC enter into an Agreement with AFCO AvPORTS Management LLC (AvPORTS) containing the following terms:**

**1. A contract management term of two (2) years which may be extended by agreement of both parties or altered to accommodate a different mode of operation, by Agreement of both parties; and**

**2. Allocation in RIAC's operating budget to supplement and support AvPORTS' marketing program. These funds will be used solely for the purpose of promoting RIAC's system of reliever and general aviation airports to users in an amount to be agreed; and**

**3. A fixed management fee of \$150,000 per year which will be supplemented with a success based financial incentive, similar to the current plan in place with Landmark; and**

**WHEREAS, the approved Fiscal Year 2011 Operating and Maintenance (O&M) budget includes \$185,400 for management fees related to these services; and**

**WHEREAS, it is the intent of the parties to utilize the term of the Agreement to determine if there is a mutually acceptable arrangement under which AvPORTS/AFCO will enter into a Lease Agreement with RIAC for the management and development of the general aviation airports; and**

**WHEREAS, compensation to RIAC under this potential Agreement may be based upon a minimum annual lease payment and/or a percentage of gross revenues, whichever is greater, with said amounts to be negotiated; and**

**WHEREAS, while there will be no commitment on either party to enter into a Lease Agreement at the end of the term, this review and potential arrangement is consistent with the terms of the RFI.**

**NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:**

**That the Board authorizes the President and CEO, or his designee, to execute a Management Agreement with AFCO AvPORTS Management LLC in the amount of \$150,000 per year, plus a success based financial incentive, for a two year period to Manage, Operate, Maintain and Develop Rhode Island's five general aviation airports.**

**The motion was passed unanimously.**

**(b) Consideration of and Action Upon Elimination and Establishment**

**of Committees.**

**Mr. Dillon reported that the Board had recently approved the new By-Laws which calls for the elimination of all sub-committees apart from the Finance and Audit Committee and the Pension Committee. The other Committees can be convened on an ad hoc basis. There was discussion of several studies which currently fall under the jurisdiction of the Human Resources Committee and are not completed.**

**A motion was made by Mr. Sangster and seconded by Mr. Hahn to approve the elimination of the following Committees:**

**&#61558; Operations and Capital Committee.**

**&#61558; Human Resources Committee – to be eliminated after the completion of the outstanding studies.**

**The motion was passed unanimously.**

**Dr. Hittner reported that she had signed the following Change Orders:**

**&#61558; Gilbane Building Company – PVD Intermodal Project – Finalize the OCIP costs for Hayward Baker (a subcontractor for Fleet Construction) – in the amount of \$118,890.00.**

**&#61558; Gilbane Building Company – PVD Intermodal Project –**

**Incorporate several already approved Change Order Requests – in the amount of \$79,247.00.**

**&#61558; Gilbane Building Company – PVD Intermodal Project – Incorporate several already approved Change Order Requests – in the amount of \$129,082.00.**

**&#61558; Gilbane Building Company – PVD Intermodal Project – Incorporate several already approved Change Order Requests – in the amount of \$181,245.00.**

**The order of the agenda was reversed.**

## **5. Finance and Audit Committee Report:**

**Mr. Hahn reported that the Committee had met prior to the Board Meeting and that there was one item on the consent agenda for approval by the Board.**

### **Consent Agenda:**

**(a) Consideration of and Action Upon Write-Offs of Account Receivable Balances.**

**A motion was made by Mr. Hahn and seconded by Mr. Cianciolo to approve the following resolution:**

**WHEREAS, the Rhode Island Airport Corporation (RIAC) is a public**

**corporation, governmental agency and instrumentality of the State of Rhode Island and Providence Plantations (the "State") organized and existing under Chapter 64 of Title 42 of the Rhode Island General Laws, as amended (the "Act") as a subsidiary public corporation of the Rhode Island Economic Development Corporation; and**

**WHEREAS, RIAC is responsible for the collection of revenues to include all fees, income, rents and receipts, received or accrued; and**

**WHEREAS, RIAC maintains an accounts receivable general ledger; and**

**WHEREAS, the RIAC Board of Directors established a Write-Off Policy regarding accounts receivable at the December 1999 Board of Director's meeting; and**

**WHEREAS, the RIAC Finance Committee is authorized to approve the write-off of accounts receivable in amounts greater than \$10,000 and up to a total of \$100,000 in the aggregate during any RIAC fiscal year; and**

**WHEREAS, RIAC staff recommends that \$51,677 of Accounts Receivable balances primarily caused by tenant abandonment be written-off; and**

**WHEREAS, in addition, RIAC staff requests approval to write-off**

**other immaterial balances (individually less than \$500) for items that are determined to be uncollectible.**

**NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:**

**That the Finance and Audit Committee hereby authorizes the Chief Financial Officer to write-off the following accounts receivable balances:**

- New England Furniture Craft - \$11,117,**
- University of Illinois - \$6,000,**
- Cindtronix - \$21,806,**
- Ed Majors - \$1,550,**
- Paul Maziarz - \$1,315,**
- Sky King - \$8,837,**
- Antone Viveiros - \$1,052, and**
- Other immaterial balances (individually less than \$500) for items that are determined to be uncollectible.**

**The motion was passed unanimously.**

## **6. Pension Committee Report:**

**Mr. Dillon gave a brief overview of the Pension Committee Meeting which was held on February 7, 2011. As a result of that meeting there are two items on the Consent Agenda for approval by the Board.**

## **Consent Agenda**

**(a) Consideration and Action Upon Authorizing the Plan Administrator to Implement Recommended Fund Changes.**

**A motion was made by Mr. Sangster and seconded by Mr. Hahn to approve the following resolution:**

**WHEREAS, the Rhode Island Airport Corporation (RIAC) offers a 414h retirement plan through Principal Financial (Principal) Group; and**

**WHEREAS, it is RIAC's responsibility to monitor and adjust the investment options to best serve the plan participants; and**

**WHEREAS, both the Principal and our investment advisor, Meridien, have recommended that certain changes be made; and**

**WHEREAS, there is no cost to RIAC to make these changes; and**

**WHEREAS, the Pension Committee has reviewed the proposed revisions with Principal and Meridien; and**

**WHEREAS, the Pension Committee unanimously recommends that the proposed changes be implemented.**

**NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:**

**That the Board approves the Plan Administrator, or her designee, to take the appropriate action to have Principal Financial Group update the investment offerings as follows:**

- 1. Merge Neuberger Berman Partners Trust Fund into Neuberger Berman Guardian Trust Fund.**
- 2. Merge American Century Vista A Fund into Franklin Small Midcap Growth Fund A.**
- 3. Merge Fidelity Advisor Growth Opportunities T Fund to the American Century Growth A Fund.**
- 4. Merge the Sentinel Sustainable Growth Opportunities A Fund to the Franklin Small Midcap Growth Fund.**
- 5. Replace the George Putnam Balanced A Fund with the SAM Balanced R4 Portfolio.**
- 6. Add Large Cap Growth/R4 Fund. Managed by T. Rowe Price/Brown, to complement American Funds Growth Fund of America.**

**The motion was passed unanimously.**

**(b) Consideration of and Action Upon Adoption of an Investment Policy Statement.**

**A motion was made by Mr. Sangster and seconded by Mr. Hahn to**

**approve the following resolution:**

**WHEREAS, the Rhode Island Airport Corporation (RIAC) has a Pension Committee to oversee the 414(h) plan with Principal Financial Group; and**

**WHEREAS, the committee does not have an investment policy statement currently; and**

**WHEREAS, it is the recommendation of both Principal Financial Group and RIAC's Investment Advisor, Meridien, that RIAC adopt an Investment Policy Statement to serve as a guide for the Pension Committee; and**

**WHEREAS, the Investment Policy Statement has been reviewed by Principal, Meridien and RIAC Counsel; and**

**WHEREAS, there is no cost to RIAC to adopt the Investment Policy Statement; and**

**WHEREAS, the Pension Committee unanimously recommends the adoption of the subject Investment Policy Statement.**

**NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:**

**That the Board approve the President and CEO, or his designee, to**

**adopt the Investment Policy Statement, in substantially the form submitted to the Board.**

**The motion was passed unanimously.**

## **7. Executive Session:**

**At approximately 2:50 p.m., a motion was made by Mr. Cianciolo and seconded by Mr. Sangster to go into Executive Session for the purposes of discussing the following items:**

**(a) Motion to Approve the Minutes of the Executive Session Held on January 19, 2011 – R.I.G.L. § 42-46-5(a)(1), (2), (5); and**

**(b) Discussion Related to Two Potential Litigation Matters (EIS and One Non-Public Matter) - R.I.G.L. § 42-46-5(a)(2); and**

**(c) Considerations Related to the Acquisition of Real Property for Public Purposes at T. F. Green Airport - R.I.G.L. § 42-46-5(a)(5); and**

**(d) Motion to Return to Open Session.**

**By the following roll call vote the motion was passed unanimously.**

**YEAS: Kathleen C. Hittner, M.D.**

**Joseph M. Cianciolo**

**Russell W. Hahn**

**Robert D. Sangster**

**NAYS: None**

**ABSTAIN: None**

**At approximately 3:27 p.m., a motion was made by Mr. Sangster and seconded by Mr. Cianciolo to reconvene to the Open Session. The motion was passed unanimously.**

**8. Post Executive Session Actions and Announcements:**

**(a) Motion to Seal the Minutes of the Executive Session Held on February 18, 2011.**

**A motion was made by Mr. Hahn and seconded by Mr. Cianciolo to seal the minutes of the Executive Session in accordance with R.I.G.L. § 42-46-4. By the following roll call vote the motion was passed unanimously.**

**YEAS: Kathleen C. Hittner, M.D.**

**Joseph M. Cianciolo**

**Russell W. Hahn**

**Robert D. Sangster**

**NAYS: None**

**ABSTAIN: None**

**(b) Report on Actions Taken During Executive Session:**

**During the Executive Session a motion was made to approve the sealed minutes of the Executive Session held on January 19, 2011. The motion was passed unanimously.**

**9. Future Meetings:**

**The next meeting is scheduled for Wednesday, March 16, 2011 at 4:00 p.m., in the Mary Brennan Board Room, T. F. Green Airport, 2000 Post Road, Warwick, Rhode Island.**

**10. Adjournment:**

**Mr. Sangster moved to adjourn at approximately 3:34 p.m. Mr. Cianciolo seconded the motion. The motion was passed unanimously.**

**Respectfully submitted,**

**Kathleen C. Hittner, M.D., Chair**  
**Rhode Island Airport Corporation**

**PUBLIC ATTENDANCE SHEET**  
**RHODE ISLAND AIRPORT CORPORATION**  
**MEETING OF THE BOARD OF DIRECTORS**  
**ON FRIDAY, FEBRUARY 18, 2011**

**NAME      AFFILIATION**

**Brian Schattle      RIAC**

**Peter Frazier      RIAC**

**Patti Goldstein      RIAC**

**Ann Clarke      RIAC**

**Patti Goldstein      RIAC**

**Sherri Ann Penta    RIAC**

**Robert Goff    New England Parking**

**Woody Creswell    The Paradies Shops**

**Michele Tucci    HMS Host**

**Don Pillsbury    RIPA**

**Paul McDonough    Louis Berger**

**Mike Kennedy    Gilbane**

**Meredith Pickering    Senate Fiscal Office**

**Jim Fox    Yard Works Inc.**

**Dale Wilde    Hoyle Tanner and Associates**

**Val Mendonca    HNTB**

**Mark Champigny    Louis Berger**

**Mike Kennedy    Gilbane**

**Michael Zarum   Citizen**

**The minutes of the Executive Session of the Board Meeting of February 18, 2011, have been sealed in accordance with R.I.G.L. § 42-46-4.**